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December 16, 2003

BY HAND

Mary L. Cottrell, Secretary
Massachusetts Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: D.T.E. EC-03-3, Proposed Special Contract for Electric Delivery Service between Fitchburg Gas and Electric Light Company and PGM Plastics, Inc.

Dear Ms. Cottrell:

Enclosed for filing on behalf of Fitchburg Gas and Electric Light Company ("FG&E" or the "Company"), please find two (2) copies of a Special Contract for Electric Delivery Service (the "Agreement") between FG&E and PGM Plastics, Inc. ("PGM" or the "Customer").[1] FG&E is filing this contract with the Department pursuant to the requirements of G.L. c. 164, §94 and 220 C.M.R. §5.02(2) and 5.03(3), and specifically requests the Department's approval of the Agreement. Pursuant to the Agreement, to be effective upon approval of the Agreement by the Department, PGM will take electric delivery service from FG&E under an economic development rate ("EDR") for an initial period of five (5) years, with automatic annual extensions thereafter for an additional five (5) years. Also included in this filing are certain attachments that provide documentation and technical analysis in support of the Agreement.[2]

In addition to the foregoing, enclosed are redacted copies of the Agreement and the attachments for the public record. As discussed in the attached Motion for Protective Order,

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[1] FG&E originally filed the Special Contract with the Department on October 31, 2003. FG&E has revised the filing to address questions raised in the Department's Second Set of Information Requests regarding the confidential portions of the original filing.

[2] The required filing fee was submitted to the Department with the October 31, 2003 filing.

pursuant to provisions of G.L. c. 25, §5D, the Company requests that the unredacted Agreement and Attachments be protected from public disclosure due to the competitive and proprietary nature of certain details of the Customer's business. The Company asks that the unredacted materials be held in sealed files consistent with treatment accorded confidential materials by the Department in other proceedings to protect the interests of the Customer. The Company is making this request for protection on behalf of PGM in order to protect PGM's interest in maintaining the confidentiality of the details of its business, including the number of employees, the identity of its customers, certain energy cost information, and its total annual wages and benefits, and preventing disclosure of these details to competitive businesses that could use such knowledge to their advantage and to PGM's disadvantage.

BACKGROUND

PGM Plastics operates an industrial facility in the City of Fitchburg that manufactures custom molded plastic. FG&E and PGM began discussions earlier this year regarding PGM's need for an EDR to reduce its operating costs, in order to retain its existing load at its facility on Crawford Street in Fitchburg and plan for its expanded needs. As discussed herein, PGM has sought to reduce its other operating costs as well in order to remain competitive. PGM's electric bills represent a significant operating expense, particularly when compared to the energy costs of its competitors in other regions of the country. In addition, PGM has been comparing FG&E's tariffed electric delivery service rates to those of Massachusetts Electric Company ("MECo") and, but for the discount FG&E has agreed to provide, PGM would move its entire operation to MECo's service territory in order to obtain a lower rate.

Accordingly, in order to retain PGM's existing load and to avoid PGM moving and expanding its operations to MECo's service territory, FG&E and PGM have entered into a special contract, which provides a discounted rate to PGM. The special contract meets the Department's requirements for EDRs through an appropriate computation of marginal costs explained in detail below. See D.P.U. 93-41 (Aug. 31, 1993) and D.P.U./D.T.E. 96-39 and 96-39-A (establishing goals and requirements for EDRs to be offered by Massachusetts utilities).

TERMS OF THE AGREEMENT

Under the Agreement, FG&E will provide electrical delivery service to PGM's existing load and its expansion load under the terms and conditions of rate GD-3, Large General Delivery Service, except for the base rates applicable under that tariff. PGM will be subject to a customer charge of $67.27 per month, a base distribution demand charge of $2.95 per kVA, a base distribution charge on-peak of $0.01017 per kWh and a base distribution charge off-peak of $0.00000 per kWh. This special contract rate represents an 8 percent discount from FG&E's total rates and a 22 percent discount from FG&E's GD-3 base distribution rates. See Attachment 4. All other charges are in accordance with the FG&E GD-3 tariff.

FG&E's obligation to provide the base rate discount is contingent upon PGM's eligibility for an economic development rate. During the course of the negotiations, PGM demonstrated to FG&E's full satisfaction that it met all of the requirements established by the Department for participation in an EDR program. Attachment 1 is the Affidavit of PGM which verifies PGM's circumstances and need for the economic development rate to retain its existing load and to expand its operations. As indicated in Attachment 1, PGM is at significant risk of curtailing its operations within Fitchburg due to increased competitive pressures. Also, PGM has taken other cost containment efforts such as taking advantage of State programs by borrowing at the lowest possible rates through MIFA Bond Refinancing, reducing tax exposure through Tax Incentive Financing, and continued reinvestment in newer more efficient machinery. Because PGM pays energy costs, which are higher than its competitors, obtaining a reduction in those rates has been a key to its decision to maintain and expand load in Fitchburg. If PGM were not successful in its cost control measures and, in particular, decreasing its electricity costs, it would not have proceeded with the expansion in Fitchburg, and would have moved its entire operation to MECo's service territory.[3]

Since PGM's alternative was to move its operation to MECo's service territory, FG&E designed the special contract rates using MECo's distribution charges as a basis. As can be seen on Exhibit A to Attachment 1, which compares FG&E's special contract rates to MECo's distribution rates, FG&E set its customer charges equal to MECo's customer charge. The on-peak kWh charge was set equal to MECo as well. FG&E set the off-peak kWh charge at $0.00000 per kWh instead of MECo's negative off-peak kWh charge. FG&E maintained its existing GD-3 kVA demand charge, offering a deeper discount compared to MECo's kW demand charge, in consideration of the difference in the off-peak kWh charge, and that FG&E's other rate components are higher than MECo's.

Maintaining PGM's manufacturing facility in the state and, more specifically, within Fitchburg, will provide other benefits to Fitchburg and its ratepayers, the details of which are set forth in Attachment 5 (Confidential).

As additional support for the proposed EDR, attached is an Affidavit of Michael A. Lanava, Executive Director of the Fitchburg Economic Development Office. See Attachment 2. Among other things, Mr. Lanava certifies his relationship with PGM in initially attracting PGM to Fitchburg, discusses the impact of electricity costs on PGM and the plastics industry, and offers the support of the Fitchburg Economic Development Office to keep PGM in Fitchburg. By creating the EDR, PGM's success will lead to job growth for the city and its citizens.

With respect to the Department's standard that distribution charges under a special contract exceed a utility's marginal cost of distribution, the proposed Agreement meets

[3] Note that due to business needs, PGM has proceeded with its expansion in Fitchburg given the rate discount offered by FG&E, even though the Agreement has not yet been approved by the Department.

this standard based on an appropriate computation of marginal costs. Attachment 3 is a copy of the Summary of Long Run Marginal Costs – Distribution only, as filed in D.T.E. 02-24/25, except that the fixed costs have been removed. For purposes of comparing the distribution rates under the proposed Agreement with FG&E's long run marginal costs, FG&E submits that it is inappropriate to include fixed costs in its marginal cost calculation. Those fixed costs include carrying costs for distribution plant related investment, carrying costs for general plant related investment, and working capital for materials, supplies and prepayments. By excluding these fixed costs, the resulting marginal cost computation acknowledges that the distribution system in place does not need to be expanded to meet customers' needs. The only costs that will be incurred to use the distribution system are variable expenses.

In the case of PGM, FG&E believes it is inappropriate to include these fixed costs before making the comparison to its special contract rates. Specifically, with respect to the retention portion of PGM's load, the distribution system infrastructure in place already serves PGM, hence its associated fixed costs are sunk. With respect to PGM's expansion load, since PGM is moving into a vacant building that was previously occupied and served by distribution system infrastructure, and distribution capacity is available, the associated fixed costs are sunk here too. Except for a service upgrade that was required for the expansion load, no system upgrades are needed.

In consideration of the cost of the service upgrade, the marginal customer cost, which includes the fixed cost to interconnect a customer, has been included in the comparison. Therefore, any amount generated by the special contract rates above the marginal costs as adjusted, should be considered a contribution to FG&E's existing distribution system. The comparison appropriately considers the true incremental cost of providing delivery service to the customer. As shown on Attachment 3 in the shaded area, the marginal cost to serve PGM is \$45,076 annually. For purposes of calculating marginal demand costs, FG&E assumed PGM's load is 100% coincident with FG&E's system, which is a worst case scenario. As shown on Attachment 4, the special contract rates generate revenue of \$81,961 annually, which far exceeds the marginal cost. The proposed EDR exceeds the variable marginal costs by \$36,885, indicating that there is a net contribution to fixed costs under the proposed rate, thereby benefiting FG&E's existing customers. PGM also contributes a total of \$127,692 for the Seabrook Amortization Surcharge and Transition Charge, which contributions would otherwise be lost.

Consistent with Department precedent, FG&E represents that the discount provided to PGM under the contract will not be recovered from remaining ratepayers.

CONCLUSION

As set forth above and in the attached exhibits, FG&E submits that the proposed Agreement is consistent with the law and the Department's policies and precedents. FG&E respectfully requests approval of the Agreement, as it will provide benefits to FG&E's rate payers, retains load, and meets all of the requirements for providing an economic development rate. The Company stands ready to respond to any information requests the Department may have in reviewing this Agreement and is available to schedule a technical session with the Department at your convenience in order to expedite the review process.

If you have any questions regarding the proposed Agreement or this filing, please feel free to contact either Karen Asbury at Unitil Service Corp. (603) 773-6441, or me. Thank you for your assistance in this matter.

Very truly yours,

Meabh Purcell

Meabh Purcell

Cc: Caroline M. Bulger, Hearing Officer (2 copies)
Kevin Brannelly, Director, Rates and Revenue Requirements
Miguel Maravi, Analyst, Rates and Revenue Requirements Division (4 copies)
Joseph Rogers, Assistant Attorney General
Wilner Borgella, Jr., Assistant Attorney General
Robert Sydney, General Counsel, Division of Energy Resources
Paul Muzyka, PGM Plastics, Inc.
Michael A. Lanava, Fitchburg Economic Development Office

MP:rtm

Enclosures

Bs92684

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Request, Pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 5.02(2) and 5.03(3), by Fitchburg Gas and Electric Light Company for Electric Delivery Service Between Fitchburg Gas and Electric Light Company and PGM Plastics, Inc.	))))))	**D.T.E. EC 03-3**

MOTION OF FITCHBURG GAS AND ELECTRIC LIGHT COMPANY FOR PROTECTIVE TREATMENT

NOW COMES Fitchburg Gas and Electric Light Company ("FG&E") and respectfully requests that the Department of Telecommunications and Energy ("Department") grant it protection from public disclosure for certain confidential and competitively sensitive information submitted in the filing made by FG&E in accordance with G.L. c. 25, § 5D. In support of this Motion, FG&E states:

1. FG&E requests protection from public disclosure the following information: all material contained in new Attachment 5-Confidential, including PGM's employment numbers, annual wages and benefits, and annual purchases of goods and services paid into the community by PGM; PGM's customer list contained in the Affidavit of PGM Plastics, Inc.; PGM's energy cost information on page 2 of its Affidavit; and other redacted information contained on pages 1 and 9 of the special contract.

2. G.L. c. 25, § 5D is specifically designed to protect against disclosure of competitively sensitive information. That provision, in part, provides:

> [T]he [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information

> provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which protection is sought is public information and the burden shall be upon the proponent of such protection to prove the need for such protection. Where such a need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

3. FG&E submits that the provisions of this filing described above should be protected from public disclosure because this information is competitively sensitive information concerning PGM's business plans and strategies. As stated in the cover letter and in the Affidavit of PGM Plastics, Inc., PGM is engaged in a highly competitive business. PGM's employment numbers, annual wages and benefits, annual purchases of goods and services paid into the community by PGM, PGM's customer list, energy cost information, and other redacted information on pages 1 and 9 of the contract is information normally not disclosed by PGM, and PGM takes steps to protect this information from public disclosure. This information reveals data and detail concerning PGM's costs and cost structure and may enable PGM's competitors to use this normally undisclosed information to PGM's disadvantage. FG&E submits that this information is well within the scope of "confidential, competitively sensitive or other proprietary information" contemplated by G.L. c. 25, § 5D, and accordingly, should be protected from public disclosure.

WHEREFORE, for all the reasons set forth in this Motion, FG&E respectfully requests that the Department issue an Order granting protective treatment to the provisions of the filing described above.

Respectfully submitted,

FITCHBURG GAS AND
ELECTRIC LIGHT COMPANY
By its attorney,

Dated: December 16, 2003

Meabh Purcell
Leboeuf, Lamb, Greene & MacRae, L.L.P.
260 Franklin Street
Boston, MA 02110-3173
(617) 439-9500

CERTIFICATION

I certify that I have served a copy of Fitchburg Gas and Electric Company's Motion for Protective Order in EC 03-3 on each of the individuals on the service list on file with the Department of Telecommunications and Energy.

Dated at Boston, Massachusetts, this 16th day of December, 2003.

Meabh Purcell

Meabh Purcell

B83938

THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Request, Pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 5.02(2) and 5.03(3), by Fitchburg Gas and Electric Light Company for Electric Delivery Service Between Fitchburg Gas and Electric Light Company and PGM Plastics, Inc.	))))))	**D.T.E. EC 03-3**

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1. FG&E requests protection from public disclosure the following information: all material contained in new Attachment 5-Confidential, including PGM's employment numbers, annual wages and benefits, and annual purchases of goods and services paid into the community by PGM; PGM's customer list contained in the Affidavit of PGM Plastics, Inc.; PGM's energy cost information on page 2 of its Affidavit; and other redacted information contained on pages 1 and 9 of the special contract.

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WHEREFORE, for all the reasons set forth in this Motion, FG&E respectfully requests that the Department issue an Order granting protective treatment to the provisions of the filing described above.

Respectfully submitted,

FITCHBURG GAS AND
ELECTRIC LIGHT COMPANY
By its attorney,

Dated: December 16, 2003

Meabh Purcell
Leboeuf, Lamb, Greene & MacRae, L.L.P.
260 Franklin Street
Boston, MA 02110-3173
(617) 439-9500

CERTIFICATION

I certify that I have served a copy of Fitchburg Gas and Electric Company's Motion for Protective Order in EC 03-3 on each of the individuals on the service list on file with the Department of Telecommunications and Energy.

Dated at Boston, Massachusetts, this 16th day of December, 2003.

Meabh Purcell

Meabh Purcell

B83938

REDACTED

SPECIAL CONTRACT FOR ELECTRIC DELIVERY SERVICE

THIS AGREEMENT is made and entered into as of the 24th day of October, 2003 by and between Fitchburg Gas and Electric Light Company, a Massachusetts corporation, with principal offices at 285 John Fitch Highway, Fitchburg, MA 01420 (hereinafter the "Company"), and PGM Plastics, Inc., a Massachusetts corporation with offices at 774 Crawford Street, Fitchburg, Massachusetts 01420 (hereinafter "PGM" or "Customer"), pursuant to the following recitals and representations:

WHEREAS, Custome[redacted]operates a major industrial facility located at 774 Crawford Street, Fitchburg, Massachusetts, 01420 (hereinafter called "Facility No. 1"), providing substantial economic benefits to Fitchburg and surrounding areas; and

WHEREAS, Customer requires approximatel[redacted]ilowatts of electrical power at Facility No. 1; and

WHEREAS, the Company provides electrical delivery service to Facility No. 1 pursuant to its filed Large General Delivery Service Rate GD-3 for large industrial customers; and

WHEREAS, Customer desires the Company to provide expanded electric delivery service for use at the Customer's additional facility located at 750 Crawford Street, Fitchburg, MA 01420 (hereinafter "Facility No. 2" and together with Facility No. 1 collectively referred to as the "Facilities");

WHEREAS, the Massachusetts Department of Telecommunications and Energy ("MDTE") in D.P.U. 93-41 and D.P.U./D.T.E. 96-39 has approved standards for the provision of

Economic Development Rates ("ED Rates") to certain customers, which provide for discounts from the Company's tariffed industrial base rates, to retain industrial customers; and

WHEREAS, Customer has sought to reduce the costs of operating the Facilities, including its energy costs for both its existing and expansion requirements; and

WHEREAS, the Company is willing to provide Customer with electric delivery service under a special delivery service rate to retain its existing load at Facility No. 1 and for its expansion load to be installed at the Facility No. 2, subject to MDTE approval, which the Company shall diligently pursue; and

WHEREAS, Customer acknowledges receipt of a complete copy of the Company's electric tariff ("the Company's Electric Tariff), including Terms and Conditions for Distribution Service, and further acknowledges that the Company's Electric Tariff, as it may be lawfully amended from time to time, is available on Unitil's website, "www.unitil.com"; and

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein the receipt and sufficiency of which is hereby acknowledged, the Company and Customer agree as follows:

ARTICLE 1: DEFINITIONS

As used herein, the following terms shall have the following meanings, unless otherwise specified below. Capitalized terms not defined herein shall have the meaning assigned to such terms in the Company's Terms and Conditions.

Agreement: This special contract for electric delivery service.

Contract Year: Means each consecutive 12-month period beginning on January 1 and ending on December 31.

Day: Means Calendar Day unless otherwise specified.

Electric Distribution Service: Electric Distribution Service or Distribution Service is the distribution or delivery of electric service provided by the Company to the Customer, whereby the Company delivers electricity to the Facilities for Customer's exclusive use and not for resale. Also referred to as "Delivery Service."

kWh: Kilowatt hour.

kVa: Kilovolt Ampere.

kW: Kilowatt.

Initial Term: The period beginning with the Service Commencement Date until January 1, 2009, with automatic annual extensions thereafter unless terminated one year in advance upon written notice by either party, but no longer than 10 years from January 1, 2004.

MDTE: The Massachusetts Department of Telecommunications and Energy.

Service Commencement Date: The Service Commencement Date will be December 1, 2003 or the date of the Company's receipt of all approvals, authorizations or exemptions required from the MDTE or any other governmental agency with respect to the transactions or activities contemplated by the Agreement, whichever is later.

Terms and Conditions: Includes the Company's Terms and Conditions for Distribution Service (or any successor terms and conditions) as approved from time to time by the MDTE.

ARTICLE 2: GENERAL CONDITIONS AND REQUIREMENTS

a. The service to be provided under this Agreement shall be pursuant to the Company's Electric Tariff, including Terms and Conditions, which is incorporated herein by reference. Except as otherwise specified in this Agreement, the Company's Electric Tariff shall control.

b. All of the terms of this Agreement are contingent upon its approval by the MDTE in form and substance acceptable to the Company and PGM. If such MDTE approval is not received on or before January 1, 2004, either the Company or PGM may, upon providing written notice to the other, terminate this Agreement, and the Company may, at its option, withdraw any related filings pending before the MDTE.

c. The completion of necessary service work by the Company in order to provide expanded service to the Customer hereunder and the provision of service hereunder to Facility No. 2 may be delayed by local, state or federal regulatory delays, or any other *force majeure* event. The Company will not be liable for any such delays provided that the Company agrees to promptly commence, and diligently pursue completion of, all such work.

d. Prior to the Service Commencement Date, the Company shall continue to provide electric delivery service under its GD-3 rate to meet the electrical requirements of Facility No. 1.

e. In the event the Customer's planned expansion of Facility No. 2 is not completed and taking service hereunder by January 1, 2004 (subject to extension for delays caused by any *force majeur* event) , at the Company's sole discretion, the Agreement will terminate 60 days following written notice thereof to Customer if the expansion of Facility No. 2 is not then sufficiently complete to commence service, and service to Customer's Facility No. 1 will be billed at the GD-3 rate or at the then applicable tariff rate.

f. Upon termination of service to the Facilities under this Agreement, Distribution Service to Customer, including all new or expanded facilities, will revert to the applicable tariff rate.

ARTICLE 3: EFFECTIVE DATE AND TERM

This Agreement is effective as of the Service Commencement Date and shall remain in full force and effect through the Initial Term. The Agreement shall continue from year to year thereafter, unless terminated one year in advance in writing by either Party, but in any event, shall not continue for longer than ten (10) years from January 1, 2004.

ARTICLE 4: SERVICE CLASSIFICATION

The Company will furnish Distribution Service to the Facilities as described in the Company's Electric Tariff (Schedule GD, General Delivery Service), and Customer agrees to accept and pay for such service in accordance with Schedule GD and the Company's Terms and Conditions except as otherwise specified in the provisions of this Agreement.

ARTICLE 5: SPECIAL CONTRACT RATES

a. Special Contract Rates

The Special Contract Rates for the Company's Delivery Service provided under this Agreement are set forth below, and apply to the Facilities. Customer's payment obligations for Delivery Service hereunder shall commence as of the Service Commencement Date.

- Customer Charge: $67.27 per month

  Distribution Charges:
- Demand Charge $2.95 per kVa
- On-Peak Hours $0.01017 per kWh
- Off Peak Hours $0.00000 per kWh

The Customer Charge and Distribution Charges specified herein shall apply in lieu of the Customer Charge and Distribution Charges contained in the Company's GD-3 Rate Schedule,

Schedule GD. All other charges in accordance with the Company's Electric Tariff as amended from time to time shall apply.

b. Determination of Amounts Due

For the purpose of demand billing under this Agreement, demands shall be measured as the highest 15-minute integrated kilovolt-ampere (kVA) load determined during the On-Peak period of the month for which the charge is rendered. The billing demand shall be taken in 0.5 kVA intervals and those demands falling between any half kVA interval shall be billed at the next lower 0.5 kVA increment.

c. Adjustments to Special Contract Rates

In the event the Company files a base rate case at the MDTE, which results in an increased revenue requirement for the GD-3 class, PGM agrees that the Special Contract Rates herein, specifically the Customer and Distribution Charges, shall increase by the same percentage as the GD-3 class, effective on the same day as the GD-3 class rate changes. In no event will these rates be reduced.

d. Confidentiality Agreement

The Parties hereby agree to keep the provisions of this Agreement related to pricing and cost, the specific details of Customer's electricity use and the financial arrangement agreed to herein by the Parties (hereinafter "competitively sensitive information") confidential and shall not disclose such information except to their respective employees or customer representatives (e.g., accountants, attorneys, lenders, consultants, bankers) who need to know such information. The Parties shall each be responsible for any breach of these confidentiality and nondisclosure obligations by its directors, officers, employees or representatives. The Parties further agree to use such information only for purposes of this Agreement. Such obligations of confidentiality and nondisclosure shall survive the termination or expiration hereof. In the proceeding before the MDTE, the Company further agrees to seek protective treatment of all competitively sensitive information contained in this Agreement, or in other supporting documents that may be filed with the MDTE for approval.

ARTICLE 6: BILLING AND PAYMENT

All invoices submitted by the Company to Customer under this Agreement shall be paid no later than twenty-five (25) Days after the date of the invoice (hereinafter called the "Due Date") in accordance with the Company's Electric Tariff, as it may change from time to time. Upon the failure to pay in full the amount of any invoice for forty-five (45) Days after its Due Date, the Company, in addition to any other remedy it may have, and at its sole discretion, may by written notice to Customer thereafter suspend further Delivery Service hereunder or terminate this Agreement if payment in full of all amounts due is not received within ten (10) days of receipt of such notice. The provisions of this Agreement applicable to the making of any payments due hereunder and the obligation to pay for any service provided to Customer by the Company shall survive the termination of this Agreement until such time as such payments have been made in full.

ARTICLE 7: METERING

The Company agrees to configure its electrical system to coordinate the metering between the Customer's Facility No. 1 and Facility No. 2 and to issue a single bill to the Customer to enable the Customer to achieve savings in the event there is diversity in load between Facility No. 1 and Facility No. 2.

ARTICLE 8: DEPOSIT

The Company reserves the right to require a cash security deposit from Customer in accordance with the Company's Terms and Conditions if Customer within any eighteen (18) month period, fails to pay two (2) bills not reasonably in dispute within forty five (45) days of each such bill's Due Date.

ARTICLE 9: MATERIAL DEFAULT

a. The following constitute events of Material Default:

(1) Where either party: (i) files for or becomes subject to a proceeding under federal or state bankruptcy or insolvency law seeking liquidation or reorganization, or the readjustment of indebtedness (unless such proceeding shall be dismissed within sixty (60) Days from the date it is instituted; (ii) makes an assignment for the benefit of creditors, or becomes insolvent; (iii) consents to the appointment of any receiver, administrator, liquidator or trustee of its property or any receiver, administrator, liquidator or trustee shall be appointed for all or any part of the property of either party; or (iv) takes any action for the purpose of effecting any of the foregoing;

(2) Where the Facilities are taken by exercise of the right of eminent domain or its equivalent by any authority, person or entity, unless: (i) such authority, person or entity agrees to be bound by this Agreement and demonstrates to the reasonable satisfaction of the Company that it is capable of fulfilling the requirements of this Agreement; or (ii) Customer demonstrates to the reasonable satisfaction of the Company that Customer's right to operate the Facilities for the balance of the term of this Agreement is substantially unimpaired then either party may terminate this Agreement

effective as of the date of such taking. In the event of a taking entitling either party to terminate under this subsection, the Company shall be entitled to a share of any condemnation award not to exceed the amount of any amounts then due under this Agreement, including all unpaid charges for services rendered, billed and not yet billed prior to the date of termination, as set forth in Article 5. Customer shall immediately notify the Company in writing of its receipt of notice of any actual or threatened condemnation action or proceeding. Customer shall introduce this Agreement as evidence of Customer's damages in any proceeding to determine the condemnation award;

(3) Where Customer conveys, transfers, loses or relinquishes its right to own or operate or occupy the Facilities to any authority, person or entity, unless the Company shall have approved of ownership, operation or occupancy of the Facilities by such other person, authority or entity as the case may be, which approval may be made subject to the Company's reasonable satisfaction that same is capable of and willing to fulfill the requirements of this Agreement, or that Customer's rights to occupy or operate the Facilities for the term of this Agreement are substantially unimpaired;

(4) Where Customer abandons [redacted] f the Facilities;

(5) Where Customer fails to make all reasonable efforts to restore the Facilities to full or substantially full operating condition following any casualty loss or any other disturbance to operations and such failure continues for at least sixty (60) Days following settlement of related insurance claims, so long as such insurance claims are settled within a one (1) year period following the event giving rise to such insurance claims.

(6) Where Customer repudiates this Agreement with respect to the performance of an obligation not yet due, or attempts to do so, or does not reply in writing, within ten (10) Days to the Company's inquiries regarding Customer's future performance hereunder;

(7) Where Customer fails to perform a material obligation of this Agreement not otherwise specifically described in this Article 9 and such failure continues for 10 days following written notice thereof from the Company;

(8) Where Customer fails to maintain any deposit required under this Agreement or to pay the Company any amount due in accordance with the terms hereof including, but not limited to, any monthly demand charges as provided in Article 6; or

(9) Where, in the Company's judgment, the Customer's Facilities or part thereof or operations (i) may become or is dangerous or defective in any materially adverse manner, or (ii) threatens the integrity of the Company's distribution system or the supply or delivery of electricity on the Company's system. If the Company discontinues or refuses to establish service pursuant to this subsection, and does so without notice due to the emergency nature of the circumstances provided above, the Company shall provide Customer with a written explanation of the reason(s) for same within five (5) Business Days thereafter.

b. The defaulting party shall provide written notice of the occurrence of any event of Material Default by such party promptly upon such party's initiating or learning of the occurrence of such event, except where the non-defaulting party has actual knowledge of such event.

In addition to, and independent of, the parties' rights specifically provided for elsewhere in this Agreement or in the Company's Terms and Conditions, in the event of the occurrence of a Material Default, the party not in Material Default shall have the right, but not the obligation, to suspend or terminate this Agreement upon thirty (30) Days prior written notice to the other party provided that no such suspension or termination shall take effect where the Material Default which was the basis of the notice is cured within such thirty (30) Day notice period.

Notwithstanding the foregoing, the Company reserves the right to refuse to establish, discontinue, terminate or suspend Delivery Service at any time where: Customer's default arises from a safety issue, threatens the integrity of the Company's distribution system or the delivery of electricity on the Company's system. If the Company discontinues or refuses to establish service pursuant to this subsection, and does so without notice due to the emergency nature of the circumstances provided above, the Company shall provide Customer with a written explanation of the reason(s) for same within five (5) Business Days thereafter.

Further, in the event of Customer's Material Default as a result of which the Company terminates this Agreement, all amounts (past, current and future) due hereunder including, but not limited to, amounts previously billed and the unamortized balance of the Company's investment in the service work performed for the expansion, which would have been due during the remaining term of this Agreement, shall become immediately due and payable to the Company. Any suspension or termination of this Agreement and/or acceleration of amounts due hereunder by the Company pursuant to this Article 9 shall not limit the Company's rights or ability to claim or obtain any other remedies it may have under this Agreement at law or in equity.

ARTICLE 10: WAIVER

Notwithstanding any other provision to the contrary, no waiver by either party of any default of any of the obligations contained in this Agreement to be performed by the other party shall be construed as a waiver of any succeeding default or breach of the same, or any other obligation or condition. Customer's obligation to pay any amount due hereunder shall continue despite the termination, suspension or expiration of this Agreement or the Company's failure to issue an invoice. Customer hereby waives any right to contest any motion by the Company for Relief from the Automatic Stay provisions of the U.S. Bankruptcy Code or similar provisions of any state law.

ARTICLE 11: ASSIGNMENT

Neither party shall be permitted to assign its rights or obligations under this Agreement to a third party without the prior written consent of the non-assigning party, which it may grant or withhold in its sole and absolute discretion.

ARTICLE 12: DISCLAIMER OF LIABILITY/INDEMNIFICATION

The "Company Liability" provisions of Section II.9 of the Company's "Terms and Conditions for Distribution Service" as amended from time to time shall control.

In addition and to the fullest extent allowed by law:

a. The Company is acting under this Agreement as the provider of electric delivery service for PGM obtained by or for the benefit of PGM, and the Company shall not be responsible under this Agreement for, nor shall the Company have any liability to PGM under this Agreement as a result of any partial or total failure of any electricity supplier to PGM, or any problem unrelated to the Company's interconnect with the Customer.

b. Notwithstanding the foregoing, with regard to "Environmental Impact Claims" (defined below), the Customer shall, to the fullest extent permitted by law and as a contractual condition of this Agreement, release, defend, indemnify and hold harmless the Company, its subcontractors, and Company's agents, officers, affiliates, directors and employees from and against all claims, damages, losses and expenses, whether direct, indirect, or consequential, including, but not limited to, fees and charges of attorneys and court and arbitration costs, arising out of or resulting from the services of the Company, its agents or subcontractors or from any claims against the Company arising from the acts, omissions, or work by PGM, its employees, agents, contractors or subcontractors at the Facilities, provided however that said indemnification shall not apply to the extent such claims, damages, losses, or expenses are finally determined to result from the gross negligence or willful misconduct of the Company, its agents or subcontractors. Environmental Impact Claims are defined as claims, suits, judgments, costs, losses and expenses (including attorneys' fees) that arise out of, are related to, or are based upon the actual or threatened dispersal, discharge, escape, release, of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, gases, or any other material, irritant, contaminant, or pollutant in or into the atmosphere or on, onto, upon, in or into the surface or subsurface (i) soils, (ii) water or water course, (iii) objects, or (iv) any tangible or intangible matter, whether sudden or not. The parties agree that the Company is released from responsibility and/or liability for any existing conditions at the Facilities. The Customer shall bear full responsibility and liability for the existence or presence at the Facilities of any toxic, hazardous, radioactive, infectious or other dangerous substances and all substances or materials regulated at any time of determination as toxic or hazardous according to any United States federal or Commonwealth of Massachusetts law or regulation (collectively, "Hazardous Materials") not caused by the Company. The parties recognize that the Company is not charged with searching for or identifying Hazardous Materials. The Company shall notify the Customer and may inform any governmental agency with jurisdiction, of any soil that it excavates or any other materials it comes in contact with on the Facilities which has any unusual odor, texture, or appearance or any other unusual condition. In such instances, the Company may cease work and shall inform the Customer of such occurrence. The Company may resume work when the Customer (through appropriate experts) has determined that such soil does not contain Hazardous Materials or once the Customer provides instructions and means (e.g. contractors, funds, etc.) for the proper disposition of contaminated soil or other Hazardous Materials, if any. The Customer shall be responsible for retaining an independent testing laboratory to determine the nature of the material encountered and whether it is a Hazardous Material requiring corrective measures and/or remedial action. Such measures shall be the sole responsibility of the Customer and shall be performed in a manner minimizing any adverse affect upon the work of the Company.

c. The parties acknowledge and understand that the actions which may be undertaken as part of the service work to be performed by the Company, including subsurface excavation, entail uncertainty and risk of injury or damage to facilities or structures that cannot be avoided even with compliance of generally accepted engineering practices.

d. The provisions of this Article 12 shall survive the termination or expiration of this Agreement.

ARTICLE 13: CUSTOMER COVENANTS, WARRANTIES AND REPRESENTATIONS

a. Customer covenants and agrees to take all reasonably necessary actions to support the Company's applications to the MDTE for approval of the Agreement; and the Company agrees to promptly apply and diligently pursue the same. The Company shall keep Customer apprised of the status of the foregoing application and with respect to the MDTE approval process generally.

b. Customer hereby covenants and agrees that all electricity delivered by the Company under the terms of this Agreement shall be used solely in equipment located at Customer's Facilities.

c. The Customer warrants and represents that, at its own expense, it shall: (i) provide all necessary information describing the physical characteristics of the Facilities including surveys, site elevations, legal and other required descriptions, information about existing conditions, subsurface and environmental studies, reports, investigations and the like which it may have now or in the future; (ii) mark and identify for the Company or cause to be marked and identified for the Company, the correct locations of all underground facilities owned by the Customer and/or others at or about the Facilities; and (iii) provide all necessary approvals, site plan reviews, permits, required for the Company to carry out its obligations, including but not limited to, construction and installation of the service work on the Facilities.

d. Customer warrants and represents that, to the best of its knowledge, there are no conditions on or about the Facilities (including, but not limited to, the presence of Hazardous Materials), which would make the performance hereunder unreasonably dangerous or expensive for the Company and/or its employees or agents. If the Customer becomes aware of any such conditions, it shall immediately notify the Company by facsimile, telephone or e-mail and follow-up such notification in writing within 24 hours. The parties agree that upon the occurrence and/or discovery of any such unforeseen conditions, the Customer will be responsible for and pay to the Company all additional costs/fees related to or caused by such conditions.

ARTICLE 14: NOTICES

Except as may otherwise be expressly provided herein, any notice required to be served pursuant to this Agreement shall be in writing. In the absence of written notice of change of address to the other party to this Agreement, any such notice shall be hand-delivered; or sent certified mail, return receipt requested, first class postage prepaid; or sent by nationally recognized express courier service (e g., Federal Express, UPS, etc.); or sent by facsimile (with express courier service the next Business Day) to the Company or Customer at the following addresses:

COMPANY CONTACTS:

Cindy L. Carroll
Director, Business Development
Unitil Service Corp.
6 Liberty Lane West
Hampton, NH 03842
(603) 773-6532 (Phone)
(603) 773-6732 (Fax)

CUSTOMER CONTACTS:

Paul G. Muzyka President
PGM Plastics, Inc.
774 Crawford Street
Fitchburg, MA 01420
(978) 342-6767 (Phone)
(978) 348-1603 (Fax)

Unless otherwise noted in this Agreement, notices shall be effective upon receipt or refusal to accept.

ARTICLE 15: GOVERNING LAW

This Agreement is entered into in and shall be construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to its choice of law principles. The parties hereto agree that any and all actions, suits or claims with respect to this Agreement shall be brought in a state or federal court located in the Commonwealth of Massachusetts or before the MDTE, if appropriate. This Agreement shall not be interpreted either more or less favorably toward either party by virtue of the fact that such party or its counsel was responsible or principally responsible for the drafting of all or a portion hereof.

ARTICLE 16: PUBLIC REGULATION

a. The Company is a public utility subject to regulation by the MDTE. This Agreement including, but not limited to, approval of the Special Contract Rates, is subject to any limitations, modifications or amendments ordered by the MDTE, regardless of whether said order resulted from a petition, request or other solicitation directed to the MDTE by a party to the Agreement. Compliance by the Company with any order, rule, regulation or policy statement of the MDTE, or of any other federal, state or local government authority, whether issued before or after the effective date of this Agreement, shall relieve the Company of any liability for its failure to perform any of its obligations hereunder as a result of such compliance. In the event of the issuance of any order of the MDTE or a court of law having jurisdiction over the Agreement or the parties which materially modifies the provisions of this Agreement, the Company shall have the option to terminate this Agreement by giving written notice of termination to the Customer at any time within thirty (30) Days after the issuance of said order.

ARTICLE 17: AGREEMENT IN ITS ENTIRETY

This Agreement, including the Company's Electric Tariff and all materials referenced herein, constitute the entire agreement of the parties regarding the subject matter hereof (i.e.. the Company's provision of non-tariffed Delivery Service) and there are no oral or written understandings or agreements between the Company and Customer relating to the subject matter hereof, other than those expressed herein. This Agreement supercedes any preexisting contract, tariff or arrangement for services between Customer and Company at the Facilities. Notwithstanding the foregoing and the execution hereof, the Customer shall continue to be subject to the provisions of all existing electric delivery contracts, tariffs or arrangements entered into by the parties through the Service Commencement Date of this Agreement (including, but not limited to, existing deposits, obligation to pay all amounts due, etc.).

ARTICLE 18: OTHER PROVISIONS

a. In the event suit is instituted by the Company to collect any amount due or enforce any right under this Agreement, Customer shall be responsible for and pay to the Company any costs, including attorney's fees, incurred by the Company provided that the Company prevails in its suit.

b. Provisions of this Agreement shall be changed, waived, discharged or terminated only by an instrument in writing signed by authorized representatives of both parties.

c. All headings contained in this Agreement are for convenience only and shall not, in any way, affect the meaning of any provision hereof. This Agreement may be executed or amended in one or more counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which together shall constitute one instrument. Facsimile signatures of the parties on this instrument and any amendment thereto, shall be legally binding.

d If any provision of this Agreement is found by a court of competent jurisdiction to be invalid such provision shall be deemed modified so as to be no longer invalid and, all of the remaining provisions of this Agreement shall remain in full force and effect. The recitals set forth in this Agreement are an integral part hereof and shall have the same contractual significance as any other language contained in this Agreement.

e. This Agreement is entered into solely for the benefit of the parties and is not intended to confer third party beneficiary status on anyone else. Nothing in this Agreement shall be deemed to constitute a joint venture, partnership, corporation or any other entity taxable as a corporation or otherwise.

IN WITNESS WHEREOF, the parties hereto intending this Agreement to have legal and binding effect as of the date first written above have signed and sealed this Agreement by their duly authorized officers:

Fitchburg Gas and Electric Light Company

By____________________
Name: Mark H. Collin
Title: Treasurer

PGM Plastics, Inc.

By____________________
Name: Paul G. Muzyka
Title: President

AFFIDAVIT

I, Paul G. Muzyka do hereby certify that I am the duly elected, qualified and acting Secretary/Assistant Secretary of PGM Plastics, Inc., an existing Massachusetts corporation in good standing with authority to conduct business in Massachusetts.

I hereby further certify that Paul G. Muzyka, is authorized to execute and deliver on behalf of PGM Plastics, Inc. and bind said corporation to the foregoing Agreement by and between said corporation and Fitchburg Gas and Electric Light Company, dated Oct 21, 2003.

WITNESS my hand and the corporate seal of PGM Plastics, Inc., this 21 day of October, 2003.

Secretary/Assistant Secretary

Paul G. Muzyka, Acting Secretary
Print Name (Seal)

Kim M Proctor
commission expires
Dec 9, 2008

BS 91294.1 26100 00746 10/16/03 02:36pm

REDACTED

AFFIDAVIT OF PGM PLASTICS, INC

Paul Muzyka, owner of PGM Plastics, Inc. of Fitchburg, Massachusetts, under oath state as follows:

1. I am Paul Muzyka, owner of PGM Plastics, Inc. ("PGM"). PGM's manufacturing facilities are located in Fitchburg, Massachusetts, where it has operated since 1996. We have experienced steady growth since inception and now employ approximately [redacted] persons at the Fitchburg facility.

2. PGM's line of business is plastic, supporting the injection-molding industry. PGM has extended its services to include contract manufacturing and distribution. PGM's customers include [redacted]

3. The plastics manufacturing industry, including PGM's specific line of business, is extremely competitive. PGM's primary competitors operate in Vermont, North Carolina, and Massachusetts (other than the city of Fitchburg) where they have lower energy costs. PGM also competes with Mexico, and offshore manufacturers who have significant advantages in terms of lower cost resources and labor.

4. To improve its competitive position, PGM Plastics has set a goal of reducing its operating costs.

5. PGM has taken advantage of State programs by borrowing at the lowest possible rates through MIFA Bond Financing, reducing tax exposure through Tax Incentive Financing (TIF), continued reinvestment in newer more efficient machinery. The use of robotics, central conveying systems are all measures to provide the lowest cost to

manufacture. In turn, these are measures to protect business opportunities, in addition to maintain cash flow for continued growth.

6. PGM Plastics has recently negotiated a contract for new business with a well-known international company. To meet the production demands of this new contract, PGM Plastics will need to almost double the size of its existing manufacturing facilities. As its existing facility at 774 Crawford Street is of insufficient size to accommodate the required expansion, PGM has explored expanding this facility, and has considered other potential sites outside of Fitchburg for expanding its operations.

7. Energy cost is a significant factor for PGM's manufacturing operations. PGM's energy costs during the past 12 months exceeded [redacted] and with the required production expansion, we project a [redacted] increase in those costs during the coming year.

8. In an effort to lower its energy costs, PGM was prepared to move its operations to Massachusetts Electric Company's ("MECo") service territory in order to take advantage of MECo's lower delivery service rates. In order to remain in Fitchburg and to continue with the planned expansion to 750 Crawford Street, PGM Plastics entered into negotiations with FG&E for a discount from FG&E's rates. Exhibit A attached to my affidavit demonstrates the savings that PGM will achieve under the Special Contract Rates compared to MECo's tariffed rates. Absent the economic incentive under the Special Contract, PGM would have moved its existing and expanded operations to a new location in MECo's service territory.

9. The discount rate proposed by Fitchburg Gas and Electric Light Company ("FG&E") for PGM will provide significant savings to allow it to expand its operations in

Fitchburg to meet the production demands of the new contract, as well as generally improve its competitive position.

10. In addition to seeking an economic development rate incentive, PGM has conducted a complete energy audit and implemented a comprehensive energy conservation program. PGM has replaced fluorescent fixtures with hi-bay metal halide lighting and installed variable speed drives and premium efficient motors on production equipment at its existing facility.

11. As PGM's current facilities are located solely in Fitchburg, PGM will not curtail or eliminate any operations elsewhere in Massachusetts because of the rate discounts offered by FG&E.

[Signature]
PGM Plastics, Inc. 10/21/03

COMMONWEALTH OF MASSACHUSETTS

~~August~~ October 21, 2003

_______________, ss:

On this 21 day of ~~August~~ October, 2003, before me, Kim M Proctor, a Notary Public, duly commissioned and qualified for the Commonwealth of Massachusetts, personally appeared Paul Muzyka, who being duly sworn, declared that the above statements is true to the best of his/her knowledge and belief.

Subscribed and sworn to me this 21 day of October, 2003.

Kim M Proctor
Notary Public
My Commission Expires: Dec 9, 2008

Bs90296

Distribution Cost Comparison
Industrial Rate Class
Existing PGM Plastics Load and Proposed Expansion Load
FG&E Special Contract Rate vs. MECO Distribution

Bill Month	On-Peak Energy(1)	Off-Peak Energy(1)	Demand kW	Demand kVA(1)	FG&E Sp. Ctr. Distribution Charges	MECO Distribution Charges	Difference
May-03	330,298	295,961	1,364	1,449	$7,701	$8,225	($525)
April-03	172,624	165,379	1,224	1,284	$5,612	$6,180	($569)
March-03	87,829	77,001	601	621	$2,793	$3,101	($308)
February-03	280,477	325,534	1,338	1,413	$7,088	$7,607	($519)
January-03	315,087	410,544	1,441	1,526	$7,774	$8,287	($514)
December-02	362,337	423,187	1,394	1,473	$8,097	$8,591	($495)
November-02	345,621	427,127	1,394	1,471	$7,922	$8,419	($497)
October-02	332,604	406,854	1,370	1,447	$7,719	$8,211	($492)
September-02	326,216	391,463	1,398	1,452	$7,667	$8,257	($590)
August-02	344,821	386,361	1,434	1,523	$8,066	$8,579	($513)
July-02	246,415	318,497	1,205	1,239	$6,229	$6,781	($552)
June-02	209,467	234,827	1,022	1,050	$5,295	$5,787	($492)
12 Month Total	**3,353,796**	**3,862,735**	**15,184**	**15,948**	**$81,961**	**$88,026**	**($6,065)**

Other Statewide and Company Specific Charges

Bill Month	Transmission (2)	Seabrook Amortization Surcharge (3)	Energy Efficiency (4)	Renewable Resources (5)	Transition (6)	Total Other Charges
May-03	$2,956	$4,446	$1,566	$313	$7,081	$16,362
April-03	$1,697	$2,400	$845	$169	$5,645	$10,756
March-03	$829	$1,170	$412	$82	$2,753	$5,247
February-03	$2,836	$4,303	$1,515	$303	$6,686	$15,642
January-03	$3,346	$5,152	$1,814	$363	$7,285	$17,960
December-02	$3,599	$5,577	$1,964	$393	$7,336	$18,869
November-02	$3,538	$5,487	$1,932	$386	$7,243	$18,586
October-02	$3,395	$5,250	$1,849	$370	$7,086	$17,950
September-02	$3,307	$5,096	$1,794	$359	$7,069	$17,625
August-02	$3,387	$5,191	$1,828	$366	$7,428	$18,201
July-02	$2,616	$4,011	$1,412	$282	$5,866	$14,188
June-02	$2,084	$3,154	$1,111	$222	$4,974	$11,546
12 Month Total	**$33,591**	**$51,237**	**$18,041**	**$3,608**	**$76,455**	**$182,933**

(1) Energy and Demand kVA reflects 3% high voltage metering discount.
(2) Transmission Charges are collected by all investor owned Utilities in MA. Rates are company specific.
(3) The Seabrook Amortization Surcharge (SAS) is a company specific charge.
(4) The Energy Efficiency Charge is collected at the same rate by all investor owned Utilities in MA.
(5) The Renewable Resources Charge is collected at the same rate by all investor owned Utilities in MA.
(6) Transition Charges are collected by all investor owned Utilities in MA. Rates are company specific.

FG&E Proposed Special Contract Distribution Charges				
Customer Charge		$	67.27	per month
Distribution	On Peak kWh @	$	0.01017	per kWh
	Off Peak kWh @	$	-	per kWh
	All kVA @	$	2.95	per kVA

FG&E Other Charges eff. 1/1/03				
Transmission	On Peak kWh @	$	0.00456	per kWh
	Off Peak kWh @	$	0.00387	per kWh
	All kVA @	$	0.21	per kVA
SAS	All kWh @	$	0.00710	per kWh
Energy Efficiency	All kWh @	$	0.00250	per kWh
Renewable	All kWh @	$	0.00050	per kWh
Transition	On Peak kWh @	$	0.00525	per kWh
	Off Peak kWh @	$	-	per kWh
	All kVA @	$	3.69	per kVA

MECO Distribution Charges eff. 1/1/03				
Customer Charge		$	67.27	per month
Distribution	On Peak kWh @	$	0.01017	per kWh
	Off Peak kWh @	$	(0.00052)	per kWh
	All kW @	$	3.63	per kW

AFFIDAVIT OF FITCHBURG ECONOMIC DEVELOPMENT OFFICE
MICHAEL A. LANAVA, EXECUTIVE DIRECTOR

I, Michael A. Lanava, Executive Director of the Fitchburg Economic Development Office in Fitchburg, Massachusetts, under oath, state as follows:

1. I am over eighteen years of age; I am competent to provide this affidavit; and I have personal knowledge of the events and circumstances set forth below.

2. I am Michael A. Lanava, the Executive Director of the Fitchburg Economic Development Office (EDO), located at 166 Boulder Drive, Fitchburg, Massachusetts, with a mailing address of 718 Main Street, Fitchburg, MA 01420.

3. The purpose and goal of the EDO is to create high-quality manufacturing jobs for the city of Fitchburg. We attempt to accomplish this by first helping existing companies stay in business. Second, we try to assist those companies expand and grow in Fitchburg. Third, we attempt to attract new businesses to the community.

4. In 1996, the EDO was successful in attracting PGM Plastics, Inc. (PGM) to Fitchburg. During this time period, I worked closely with Mr. Paul Muzyka, President, to convince him that Fitchburg was the right location for his business.

5. One of the main obstacles to securing PGM's commitment to locate in Fitchburg was the higher electric rates that Fitchburg Gas and Electric Light Company (FG&E) charged versus Massachusetts Electric Company's rates, whose service territory borders upon FG&E's.

6. Mr. Muzyka ultimately made the decision to locate PGM in Fitchburg. It is my understanding that PGM has invested millions of dollars in the Fitchburg plant and that the business has done well.

7. The city of Fitchburg has worked closely with PGM on a Tax Increment Financing agreement for seven years. In addition, the EDO granted a loan to PGM so that they could tie into the City's sewer system.

8. PGM now has an opportunity to purchase an adjacent, vacant building which would enable it to expand its manufacturing business. PGM also has an opportunity to enter into a long-term contract with a major international company. In order to be successful in pursuing this customer, PGM's products must be very price competitive.

9. One of the biggest costs to the plastics industry is the cost of electricity. Without an economic development rate, PGM will not be able to win the contract. Therefore, PGM would not be able to create additional jobs or make additional investments in its Fitchburg facilities.

10. Fitchburg needs companies like PGM to create jobs and invest in its community. By creating the economic development rate, their success will lead to job growth for our city and its citizens.

11. The Fitchburg Economic Development Office supports FG&E's and PGM's efforts to keep this company in Fitchburg.

DATED this 19th day of September 2003.

Michael A Lanava

Michael A. Lanava, Executive Director
Fitchburg Economic Development Office

COMMONWEALTH OF MASSACHUSETTS)
) :ss
COUNTY OF Worcester)

On this 19th day of September 2003, personally appeared before me Michael A. Lanava, the signer of the above instrument, who duly acknowledged to me that he executed the same.

Anna M. Farrell

Notary Public
Residing in Worcester County

My Commission Expires:

ANNA M. FARRELL
Notary Public
Commonwealth of Massachusetts
My Commission Expires
February 7, 2008

Table 12
Fitchburg Gas and Electric Light Company
ELECTRIC MARGINAL COST ANALYSIS

Summary of Long Run Marginal Costs - Distribution ONLY with Fixed Costs Removed

Line No.	Description	Residential R1, R2, R4	Small GS G1	Regular GS G2, G4, G5 Sec	Regular GS G2 Pri	Large GS G3 Pri	Large GS G3 Pri Load Retention	TOTAL Exc. Retention
1	Uncollectible Acct Exp % {1}	3.0%	0.9%	0.4%	0.4%	0.4%	0.4%	
2								
3	**CUSTOMER CHARGE (w/o Uncollectibles)**							
4	Customer Charge $'s per Month {2}	$23.44	$21.92	$39.00	$88.69	$1,272.44	$1,272.44	$26.76
5								
6	**TIME VARYING CHARGES**							
7	Peak Demand Charge $'s per CP KW {3}	$30.88	$30.88	$30.88	$20.58	$20.58	$20.58	$26.68
8	Off Peak Demand Charge $'s per CP KW {3}	$0.14	$0.14	$0.14	$0.09	$0.09	$0.09	$0.12
9	**ENERGY CHARGES**							
10	Peak Energy Charge $'s per kWh {4}	NA	NA	NA	NA	NA	NA	NA
11	Off Peak Energy Charge $'s per kWh {4}	NA	NA	NA	NA	NA	NA	NA
12								
13								
14								
15								
16								
17	**BILLING DETERMINANTS**							
18	CUSTOMERS	23,114	1,411	1,558	37	36	1	26,157
19	SALES - Peak	74,003,176	2,660,846	51,432,354	8,449,995	112,208,319	0	248,754,690
20	SALES - Off Peak	83,853,428	2,067,866	39,970,443	6,566,879	114,429,369	0	246,887,984
21	Total Sales (Billed and Unbilled)	157,856,605	4,728,711	91,402,797	15,016,873	226,637,688	0	495,642,675
22								
23	BILLING DEMAND - Peak	0	0	347,805	52,554	565,635	0	965,993
24								
25	COINCIDENT PEAK DEMAND - Firm, kW	26,570	1,287	24,998	3,843	37,755	1,434*	94,453
26								
27	**REVENUES RESULTING FROM FULL MARGINAL COST PRICING**							
28	Customer (4) * (18) /[1-(1)]* 12	$6,700,526	$374,697	$732,058	$39,240	$552,957	$15,325	$8,399,477
29								
30								
31	On Peak Demand (7) * (25) /[1-(1)]	$845,648	$40,128	$774,973	$79,408	$779,864	$29,620	$2,520,021
32	Off Peak Demand (8) * (25) /[1-(1)]	$3,737	$177	$3,425	$351	$3,447	$131	$11,137
33								
34	On Peak Energy (10) * (19) /[1-(1)]	$0	$0	$0	$0	$0	$0	$0
35	Off Peak Energy (11) * (20) /[1-(1)]	$0	$0	$0	$0	$0	$0	$0
36	Total sum[(31) to (35)]	$849,385	$40,305	$778,398	$79,759	$783,311	$29,751	$2,531,159
37								
38								
39								
40								
41								
42								
43								
44	**Total Marginal Cost Based Revenue Req'mt**	$7,549,911	$415,002	$1,510,456	$118,999	$1,336,267	$45,076	$10,930,636
45	(28)+(36)							

* 1,434 kVA is the estimated August demand of existing and proposed expansion load of PGM Plastics and assumes 100% coincidence with FG&E peak demand.

Distribution Cost Comparison
Industrial Rate Class
Existing PGM Plastics Load and Proposed Expansion Load
FG&E vs. FG&E Special Contract Rate

Bill Month	On-Peak Energy(1)	Off-Peak Energy(1)	Demand kW	Demand kVA(1)	FG&E Distribution Charges	FG&E Sp. Ctr. Distribution Charges	Special Contract Savings	Distribution Charge Percent Savings
May-03	330,298	295,961	1,364	1,449	$9,634	$7,701	$1,934	20%
April-03	172,624	165,379	1,224	1,284	$6,858	$5,612	$1,247	18%
March-03	87,829	77,001	601	621	$3,620	$2,793	$827	23%
February-03	280,477	325,534	1,338	1,413	$8,999	$7,088	$1,911	21%
January-03	315,087	410,544	1,441	1,526	$9,991	$7,774	$2,217	22%
December-02	362,337	423,187	1,394	1,473	$10,447	$8,097	$2,350	22%
November-02	345,621	427,127	1,394	1,471	$10,249	$7,922	$2,326	23%
October-02	332,604	406,854	1,370	1,447	$9,962	$7,719	$2,243	23%
September-02	326,216	391,463	1,398	1,452	$9,855	$7,667	$2,188	22%
August-02	344,821	386,361	1,434	1,523	$10,278	$8,066	$2,212	22%
July-02	246,415	318,497	1,205	1,239	$8,050	$6,229	$1,821	23%
June-02	209,467	234,827	1,022	1,050	$6,809	$5,295	$1,514	22%
12 Month Total	**3,353,796**	**3,862,735**	**15,184**	**15,948**	**$104,753**	**$81,961**	**$22,791**	**22%**

Other Statewide and Company Specific Charges

Bill Month	Transmission (2)	Seabrook Amortization Surcharge (3)	Energy Efficiency (4)	Renewable Resources (5)	Transition (6)	Total Other Charges	Total Percent Savings (7)
May-03	$2,956	$4,446	$1,566	$313	$7,081	$16,362	7%
April-03	$1,697	$2,400	$845	$169	$5,645	$10,756	7%
March-03	$829	$1,170	$412	$82	$2,753	$5,247	9%
February-03	$2,836	$4,303	$1,515	$303	$6,686	$15,642	8%
January-03	$3,346	$5,152	$1,814	$363	$7,285	$17,960	8%
December-02	$3,599	$5,577	$1,964	$393	$7,336	$18,869	8%
November-02	$3,538	$5,487	$1,932	$386	$7,243	$18,586	8%
October-02	$3,395	$5,250	$1,849	$370	$7,086	$17,950	8%
September-02	$3,307	$5,096	$1,794	$359	$7,069	$17,625	8%
August-02	$3,387	$5,191	$1,828	$366	$7,428	$18,201	8%
July-02	$2,616	$4,011	$1,412	$282	$5,866	$14,188	8%
June-02	$2,084	$3,154	$1,111	$222	$4,974	$11,546	8%
12 Month Total	**$33,591**	**$51,237**	**$18,041**	**$3,608**	**$76,455**	**$182,933**	**8%**

(1) Energy and Demand kVA reflects 3% high voltage metering discount.
(2) Transmission Charges are collected by all investor owned Utilities in MA. Rates are company specific.
(3) The Seabrook Amortization Surcharge (SAS) is a company specific charge.
(4) The Energy Efficiency Charge is collected at the same rate by all investor owned Utilities in MA.
(5) The Renewable Resources Charge is collected at the same rate by all investor owned Utilities in MA.
(6) Transition Charges are collected by all investor owned Utilities in MA. Rates are company specific.
(7) Total Percent Savings equals Special Contract Savings divided by the sum of FG&E Distribution and Other Charges.

FG&E Distribution Charges eff. 12/2/02				
Customer Charge		$	500.00	per month
Distribution	On Peak kWh @	$	0.01225	per kWh
	Off Peak kWh @	$	0.00275	per kWh
	All kVA @	$	2.95	per kVA
FG&E Other Charges eff. 1/1/03				
Transmission	On Peak kWh @	$	0.00456	per kWh
	Off Peak kWh @	$	0.00387	per kWh
	All kVA @	$	0.21	per kVA
SAS	All kWh @	$	0.00710	per kWh
Energy Efficiency	All kWh @	$	0.00250	per kWh
Renewable	All kWh @	$	0.00050	per kWh
Transition	On Peak kWh @	$	0.00525	per kWh
	Off Peak kWh @	$	-	per kWh
	All kVA @	$	3.69	per kVA

FG&E Proposed Special Contract Distribution Charges				
Customer Charge		$	67.27	per month
Distribution	On Peak kWh @	$	0.01017	per kWh
	Off Peak kWh @	$	-	per kWh
	All kW @	$	2.95	per kVA

REDACTED

Other Benefits to Fitchburg and its ratepayers

Maintaining PGM's manufacturing facility in the state and, more specifically, within Fitchburg, will provide other benefits to Fitchburg and its ratepayers, including:

- Maintaining PGM as an employer of approximately people in Fitchburg, with annual wages and benefits to employees in excess of ;
- Annual purchases of other goods and services of over paid into the local community; and
- Retaining a substantial contribution to fixed costs which would otherwise be borne by FG&E's remaining ratepayers.

ADDENDUM TO
SPECIAL CONTRACT FOR
ELECTRIC DELIVERY SERVICE

This Addendum is made and entered into this 16th day of December 2003 by and between Fitchburg Gas and Electric Light Company, a Massachusetts corporation, with principal offices at 285 John Fitch Highway, Fitchburg, MA 01420 (hereinafter the "Company") and PGM Plastics, Inc., a Massachusetts corporation, with offices at 774 Crawford Street, Fitchburg, Massachusetts 01420 (hereinafter "PGM" or "Customer") (collectively "the Parties") pursuant to the following recitals and representations:

WHEREAS on October 24, 2003 Customer and Company entered into a Special Contract for Electric Delivery Service ("the "Contract")

WHEREAS, the Parties have agreed to amend Article 5 (d) Confidentiality Agreement of the Contract.

Now THEREFORE, in consideration of the previous and mutual covenants contained herein the receipt and sufficiency of which is hereby acknowledged, the Company and Customer agree as follows:

ARTICLE 1

The Parties hereby agree to amend Article 5(d) of the Contract to limit the confidentiality to the matters described in response to DTE 2-1, of the Second Set of Information Requests, attached hereto as Exhibit 1.

In witness whereof the Parties hereto have signed and sealed this Addendum by their duly by their duly authorized offices.

Fitchburg Gas and Electric Light Company

Name: MARK H. COLLIN
Title: TREASURER

PGM Plastics, Inc.

Name: Phil G. Wright
Title: President

Bs92665

Exhibit 1

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No: EC 03-3
Department's Second Set of Information Requests

Request No.: DTE-2-1

Please refer to the Letter. Explain in detail why each and every redacted item is confidential.

Response:

Upon further consideration by FG&E, and in discussion with PGM Plastics, Inc. ("PGM"), both parties have agreed to disclose all information for which confidential treatment had been sought in the October 31, 2003 filing, except as follows:

1. Number of persons employed by PGM (in original cover letter and on page 1 of PGM affidavit)
2. Total annual wages and benefits of PGM (in original cover letter)
3. Annual purchases of goods and services paid into the community by PGM (in original cover letter)
4. Specific language redacted on pages 1 and 9 of the special contract
5. List of PGM's customers on page 1 of PGM affidavit
6. Energy cost information on page 2 of PGM affidavit

Accordingly, under separate cover FG&E is submitting a revised filing disclosing all other information previously requested to be protected from public disclosure. In this submission, FG&E made one structural change to the original cover letter so that it no longer contains any confidential information. Specifically, FG&E has removed the detailed confidential information referenced in items 1, 2, and 3, above, and moved them to a new attachment to the filing: Attachment 5 – Confidential. FG&E is also submitting an addendum to the contract to memorialize these changes to the confidentiality agreement between FG&E and PGM.

With respect to the request for confidential treatment for the remaining PGM-related specific information, FG&E submits that these provisions should be protected from public disclosure because this information is competitively sensitive information concerning PGM's business plans and strategies. As stated in the revised cover letter, PGM is engaged in a highly competitive business. PGM's employment numbers, annual wages and benefits, annual purchases of goods and services paid into the community by PGM, PGM's customer list, energy cost information on page 2 of the affidavit and other redacted information on pages 1 and 9 of the contract is information normally not disclosed by PGM, and PGM takes steps to protect this information from public disclosure. This information reveals data and detail concerning PGM's costs and cost structure and may enable PGM's competitors to use this normally undisclosed information to PGM's disadvantage. FG&E submits that this information is well within the scope of "confidential, competitively sensitive or other proprietary information" contemplated by G.L. c. 25, § 5D, and accordingly, should be protected from public disclosure.

Person Responsible: **Karen M. Asbury**